

## **African Women Entrepreneur: Problems, Challenges and Future Opportunities**

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**Abstract:** *The principle purpose of this study is to examine the custom, personal, business and social profiles and problems of African women entrepreneurs. This study is try to identify patterns of entrepreneurship and social and economic challenges facing women business owners in African Continent. The primary objective is to attract international attention to African women so that international funding and aid can help alleviate them from their present state of deprivation and poverty.*

**Keywords:** *African, Women Entrepreneur, Challenges, Opportunity*

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### **1. INTRODUCTION**

“Women can be the rock on which a freer, safer, more prosperous Africa is built. They just need the opportunity.” Ex. Secretary of United States of America Hillary Rodham Clinton Globally, women are treated as less than equal to men in almost all the countries. Women make up 50 percent of the global population, 40 percent of the global workforce, yet only own about 1 percent of the world’s wealth. In comparison to Men, women’s unemployment level is higher both in educated and less educated categories. Given the opportunity, women invest the majority of their income into their families and communities, but unfortunately most women experience unnecessary barriers that limit their ability to fully participate in the economy. Even in European countries they are not equally paid salary neither compared to the male colleague nor treated as assets of the organization they work for the global impact of women entrepreneurs is just beginning to gain intensity. Worldwide, the number of female business owners continues to Women Entrepreneurs in the Global Economy increase steadily. For example, women produce more than 80 percent of the food for Sub Saharan Africa, 50-60 percent for Asia, 26 percent for the Caribbean, 34 percent for North Africa and the Middle East, and more than 30 percent for Latin America. A large number of women around the world have set up and managed their own businesses. It was not easy for these women to succeed in business.

Most of the African countries are poor, under developed and suffering with poverty, civil war and gender discrimination. Apart from that now these days, women are playing role as backbone of communities and the continent’s greatest potential to unlocking economic growth as they provide the majority of labor with the least amount of resources. Reductions in the gender gap in education, health, political participation, and economic inclusion will result in an increase in the continent’s economic competitiveness. Through the African Women’s Entrepreneurship we try to seek to dismantle the obstacles to business opportunities and economic participation that African women face. The initiative identifies and builds networks of women entrepreneurs across sub-Saharan Africa poised to transform their societies by owning, running, and operating small and medium businesses, and by becoming voices for social advocacy in their communities. Some have worked hard for their wealth while others have enjoyed the trappings and proximity to power to catapult them to their present status. African women have gone beyond making handicrafts to become successful business managers with vast empires translating to high financial returns of over \$50 million and creating millions of jobs.

### 1.1 Problem Statement

The fundamental problem encouraging this study is the crucial need to develop an understanding of the nature and problems faced by African women entrepreneurs and their prospects on the very issue of their entrepreneurship. The study attempts to have full-scale study that could answer the following question:

- What are the major problems and prospects of African women entrepreneurs?

### 1.2 Background of the Study

In USA and western countries women entrepreneurs take up any activity of their choice like hotel management, civil engineers, medical professionals, and the like which are considered male dominated activities in African Continent. In African continent 55 countries are included, except few all are facing same problems like Illiteracy, poverty, political instability, civil war, corruption, lack of natural resources and high rate of crime. Women entrepreneur is also an area where Africa cannot be compared with the rest world. After a series of obstacle like social, cultural obstacles, now these days African woman is trying to stand on her own strength. Women constitute more than 50% of the total population of African continent and this huge portion of population if provided with the proper training and education can play an overwhelming role in growth of the overall economy of Africa. But unfortunately only 14% of more than 50% of the population is involved in activities aiming at increasing the revenue of the continent.

### 1.3 Objectives of the Study

- To find out present status of African women entrepreneur.
- To find out the problems of African women entrepreneurs.
- To find out the sectors where African Women entrepreneur possibility is very high.
- To find out governmental and NGO's efforts for enhancement of women entrepreneur.
- To find out African women entrepreneur's future in coming years.

### 1.4 Significance of the Study

Because the study is an accurate study based on available research sources/result, therefore it is significant in many aspects; it will not only investigate and highlight the problems faced by female entrepreneurs but also divulge their perspectives regarding involvement of women in the business activities. No study on the very topic has yet been conducted so it may also lead the policy makers to devise sound policies based on the gaps identified by this study. In addition, it will also encourage the female population of Africa and to be engaged in self-employment by understanding all of pertinent issues.

## 2. LITERATURE VIEW

Providing the majority of Africa's labor, women's productivity is hindered by widespread inequality in education as well as unequal access to land and productive inputs. The recent underlining that all the evidence points to women making larger contributions to economic life than men (Bardasi et al., 2007). (Lee-Gosselin and Grise, 1990) as cited in (Maysami et. al.,1999) found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners' abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase. In an earlier study, (Stoner et al, 1990) as cited in (Maysami et. al.,1999) found that the work home conflict – the tension caused by the dual responsibility of managing a business and maintaining a family to be the main stumbling block for female business owners. In a study by (Barwa, 2003) on women entrepreneurs in Vietnam, the author found that women face additional handicaps due to the prevailing social and cultural gender-based inequalities and biases.

On view of the world, 1.4 billion poor people 70% are anticipated to be women. In the last few decades women had started to realize the value of self-employment and they are now utilizing their capabilities in entrepreneurial activities. And it is noted that there has been a rapid upsurge in self-employed women in the developed nations. In USA, 25% of the total business is owned by

women and almost same patterns are being identified in Canada and France where one-third and one-fifth small businesses are owned by women respectively. Where as in Asia, women comprise 40% of the total workforce. However, in China women are dominating the men at least by two fold and similar inclinations are observed in Japan (Rao et al, 2011). And it is the scarceness of employment opportunities that tend to raise neologism i.e. "Entrepreneurship Mentality" (Ahl, 2006). Another inquiry supported the findings that women are mainly impelled to be the home makers. Whereas (Hafizullah et al, 2012) highlighted that male dominance in culture creates problems for female entrepreneurs in terms of limiting their mobility, business participation and market interactions.

### **3. METHODOLOGY**

This is a concept paper and the researcher has adopted the method of reviewing different research articles, research journals, and case studies, to collect data about entrepreneurship and woman entrepreneurship which is consequently incorporated as a concept paper drafted by the researcher.

### **4. RESULT AND DISCUSSION**

#### **4.1. Women Entrepreneurship**

According to the Global Entrepreneurship Monitor, (Reynolds et al., 2002), one in eleven (8.9%) women is involved in entrepreneurship across the globe and India occupies the second position among the 22 countries where 14.1 percent of women have ventured into entrepreneurship. Female who play an intriguing role by frequently interacting and actively adjusting herself with socio-economic, financial and support spheres in society is called women entrepreneur (Pareek, 1992). (Tambunan, 2009) divided women entrepreneurs into three categories of chance, forced and created and these categories are based upon the fact that how they started their businesses. He argues that women, who do not have any clear objective or goal in their mind at the time of initiating business, fall in the chance category as with time their businesses evolve from their hobbies. While forced entrepreneurship is the category for such women who start their businesses being constrained by circumstances. Whereas the women who start their businesses by being motivated or encouraged by others fall in the category of created entrepreneurs. Women entrepreneur are further divided into three categories based on the areas of their engagement, the micro sphere, where female's economic empowerment is affected by intra-familial associations. The second sphere is institutional also called meso-sphere; it includes organizations other than family ones, for example schools, NGOs and other businesses. The last sphere is macro, this is the environment in which one lives and carry on one's work, it includes international and national dynamics, regulatory authorities, credit availability, sources of finance and other factors of internal and external environments (Jones, 2004). The growth issue is particularly important in high income countries where women are increasingly entering into technology based business ventures. As compared to males females-owned firms show that businesses headed by women tend to be smaller & grow more slowly than those headed by men. Generally, smaller in size & slower growth rates are perceived as problems (Shane and Venkataraman, 2000). Indeed women face multi dimensional challenges like external financing & credibility as business owners & managers. Additional barriers include socialization networks & practices, family roles and possible lack of business contacts. Disadvantages experienced by women in all these areas are widely believed to result in higher failure rates & lower growth rates for women owned businesses (Bowen, and Hisrich, 1986).

#### **4.2. African women entrepreneurs are facing many problems. These problems we can categorize in two segments.**

##### *4.2.1 Customs, Social and Personal Problems*

It is generally believed that African women give more emphasis to their motherly role and family / home responsibilities rather than venturing for a career / growth through? Entrepreneurship?. If they have to plan & settle for a career, they would at best prefer a safe risk free job than setting up a business venture of their own. Others women's customs and social problems are tradition subordinate to husband and men, ethics, social-cultural values, motherhood, subordinate and gender based discrimination etc. Lack of self-confidence: will-power, strong mental outlook and

optimistic attitude amongst women creates a fear from committing mistakes while doing their piece of work. The educational level and family background of husbands also influences women participation in the field of enterprise.

#### *4.2.2. Technical and Financial problems*

Most of the time women entrepreneurs faced lack of raw material or delays of raw material, different business licences, permission from electric and water departments, lack of technical skills, unskilled group members, Unfavourable market problems and shortage of capital. Financial institutions are generally sceptical about the entrepreneurial seriousness & abilities of women entrepreneurs. As a result, the women entrepreneurs are suffering from inadequate financial resources and working capital. Women Entrepreneurs are still not considered efficient enough to handle Labor & logistic issues as efficiently in self-owned business enterprises. They would prefer men to handle such issues. Low-level risk taking attitude is another factor affecting women's decision to get into business.

### **4.3. Some of the key highlighted factors that can turn the existing challenges into potential opportunities for the women entrepreneurial structure in the present age are:**

#### *4.3.1. Women empowerment through education & training*

As we know till today African continent are suffering illiteracy these African women entrepreneur require pre-entrepreneurial training to plan an organized business venture successfully. College and University faculty members have to devise creative and innovative entrepreneurial modules comprising of focused content to promote entrepreneurship culture and mind set among students. In Africa in the nineties, the Mauritius Employers' Federation (MEF) introduced a structured entrepreneurship programme with the support of Management Systems International (MSI), based in Washington. This enabled the Federation to have a structured training package for entrepreneurs. Support from organizations such as the MSI can greatly enhance the capacity of the women entrepreneurs in the study.

#### *4.3.2. Financial support policy*

The greatest constraint facing all women entrepreneurs in the African Continent is a lack of funds. UNIFEM, a 'United Nations Development Fund for Women' was used widely in many parts of Africa to assist women entrepreneurs. Unfortunately, it is not very encouraging for African women entrepreneurs regarding capital generation. Women entrepreneurs have to go through complex and time consuming procedures for capital generation due to number of reasons, consequently turning their motivational spirit off as business start ups. More avenues and platforms need to be introduced by NGO's, banks, financial institutions to encourage women entrepreneurs to join as business start ups in the economic activity of the continent.

#### *4.3.3. Framework for a Strategy to Support Women Entrepreneurs*

Contemporary world requires successful professional relationship networks. All over the world it is an accepted fact that not just in business but at the same time at jobs people need strong personal networks for their success. Aldrich, (1989). As far as business networking is concerned it's the most challenging aspect for entrepreneurs and especially women entrepreneurs. Women have the tendency to develop their enterprises by relying on their own resources and move on in their business in their own ways. The Nigerian Investment Promotion Commission and other organizations are promoting the potential of women-owned enterprises. Women-owned service firms supply services to foreign-owned firms such as Cadbury Nigeria, Andersen Consulting, Nestle' Foods Nigeria, multinational oil and oil service companies, they provide services to agencies such as the World Health Organization and United nations Children Fund, they work for embassies, and they also export to countries in Africa, Europe, Middle East Asia, and the USA (Riddle and Boyede, 2003).

#### *4.3.4. Ideal African Women Entrepreneur Role Model Opportunities*

Some Ideal African Women Entrepreneur can encourage and guide women entrepreneurs. Women entrepreneur's success stories can be used as a useful and motivational resource for this purpose. Bowen, (1986).

Through, Video conferencing, videos of successful entrepreneur by having one to one sessions with successful women entrepreneurs and entrepreneurship would be a vibrant method to overcome economic disparity. Some successful, Ideal African Women Entrepreneurs and their success stories-

- *Ngina Kenyatta*: the widow of Kenya's first president, Jomo Kenyatta has a lot of undeclared wealth, and runs several firms which are mostly not directly registered under her name ranging from farming, hospitality industry, banking, insurance, real estate, education among others. Some of these include the Commercial Bank of Africa (CBA), Heritage hotels, Brookside Dairies, Media Max and Timsales Timber. The 80-year-old woman has never revealed the origin of her investment funds but Ventures magazine estimates her net worth to be \$1 billion.
- *Folorunso Alakija*: She is the richest black woman in the world replacing US based television host Oprah Winfrey. The 61-year-old Nigerian's business interests range from fashion, oil and gas exploration, and production firms. Her net worth is estimated at a staggering \$3.2 billion.
- *Hajia Bola Shagaya*: The 59 year-old Nigerian millionaire is the CEO of Bolmus International Limited according to *Venture Africa*. Her business interests range from photography, real estate, oil and gas, banking, cash crops export and fast moving consumer goods. She also owns properties overseas. Her net worth is estimated to be \$600 million.
- *Mamphela Ramphela*: The 66-year-old South African investor is the boss of Circle Capital Ventures, a leading Black Economic Empowerment (BEE) Private Equity firm. Net worth in mid-2011 was \$90.9 million according to *Mining Weekly*.
- *Bridget Radebe*: She is the founder of Makau mining in Johannesburg, South Africa dealing with chrome, coal, gold, uranium and platinum. She has a first-hand experience working in mines-managing shafts-before rising to own her own mining company. The 53-year-old is the first black woman to own a mining firm with her net worth estimated at \$100 million.
- *Bethlehem Tilahun Alemu*: Though the 33-year-old Ethiopian entrepreneur has never revealed her net worth, *Forbes* estimates that she makes at least \$1 million in annual revenue. Alemu founded sole Rebels footwear- eco-friendly shoes made from natural fibre and handmade fabrics in 2004 with less than \$10,000.

### 4.3.5. Microfinance Policy

Entrepreneurship is now considered as the back bone of economic development which is major challenge globally felt by even the developed nations today. Micro finance policy can serve as functional platforms and resource generation avenues for women entrepreneurs in their startup business phase. Establishment of such platforms not only just encourage women entrepreneurs to enter into business ventures but at the same time provide them a healthy learning and training opportunities for their emotional and social development as well. Bruni, gherardi and poggio, (2004). One example of efforts to spur on development is the African Sustainable Small Enterprise Export Development Foundation (ASSEED) – a non-profit organization whose objective is to assist small, medium, and micro enterprises as well as cooperatives, producer organizations, and craft associations to develop products with export potential into items that are internationally competitive and exportable and in compliance with rapidly evolving global quality, environmental, and human rights requirements. Women were already involved in such entrepreneurial activities but did not have the means necessary to make a real profit. ASSEED aims to rectify that (Women Thrive Worldwide, 2008).

## 5. CONCLUSION

The purpose of this study was to examine challenges faced by African women entrepreneur. The women entrepreneurs of the Africa must be recognized as an important unit contributing to the economic growth of the continent. They must be supported by the international organizations involved in the growth and development of entrepreneurship, especially women entrepreneurship, to help them “function” effectively as women entrepreneurs. In this study, it was identified that many challenges that women entrepreneurs in Africa is facing. Some challenges were external such as financial problem and family issues. On the other hand, challenges such as lack of skills, in adequate or lack of education were internal challenges that African women entrepreneurs are

facing. Researcher suggesting to the Local Governments, the African Union, and UNESCO, should play their role toward preventing gender discrimination, domestic violence against women and keeping their right to work, the women who are entrepreneurs should develop themselves such as basic knowledge of business and finally we recommend to establish institutions who are advocating the right of women as human and who are providing social awareness against discrimination of women.

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